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Approved For Release 2004/06/24 : CIA-RDP79-00927A000200020001-9

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OCI NO.1469

4 December 1953

CURRENT INTELLIGENCE WEEKLY



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DOCUMENT NO. _____
NO CHANGE IN CLASS.
DECLASSIFIED
CLASS. CHANGED TO: TS S C 6181
NEXT REVIEW DATE:
AUTH: HP-70-A
DATE: 7-24-71 REVIEWER:

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THE SOVIET WORLD

The tactical shift in Soviet diplomacy since 24 November, when a Pravda editorial called for "normal relations" and "cooperation" with the United States as a major condition for easing international tension, may be part of a concerted effort to recoup the propaganda losses resulting from Moscow's rigid position.

The Soviet note of 3 November was the climax of a trend which had begun last August and which had convinced most of the West that the "peace offensive" was a closed chapter. To offset this Western reaction, and with a view to raising a discordant note at the Bermuda meeting and in the French parliamentary debate on foreign policy, the Soviet note of 26 November ostensibly modifies Moscow's previous position that a five-power conference on the reduction of international tension must precede any four-power meeting.

The Kremlin apparently proposes a conference to determine the agenda and composition of a subsequent foreign ministers' meeting at which it expects Communist China to be present. This tactic simply transfers a subject of many diplomatic exchanges to the conference table. The Soviet representatives probably will use this first meeting to repeat the arguments of recent notes and propaganda on EDC, military bases, and disarmament, without getting to the substance of the German question.

The note's reference to European security similarly is intended to reflect a more reasonable position. Rather than reiterating its formula for German unity as the only basis for security, the USSR now alleges that it is ready to cooperate in "assuring European security by means of appropriate agreement between all countries of Europe independent of their social structure."

This line is not consistent with Soviet propaganda, which has ridiculed the idea of any form of East-West security arrangement, and the USSR is unlikely to agree to any of the security plans suggested in the West. There has been some indication that the Soviet Union, particularly if put to a test, would prefer a bilateral approach to security. Malenkov, in his interview with the British ambassador on 28 November, cited the Soviet-British treaty of mutual assistance as a good basis for the development of improved relations between the two countries. Other Soviet commentaries have pointed to the French-Soviet pact as a basis for security arrangements between France and the USSR.

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According to American officials in Berlin, the significance of the speech by East German deputy premier Ulbricht on 25 November lies in its return to a softer line. He emphasized East Germany's willingness to negotiate with the Adenauer government rather than reaffirming the position he took as recently as last September that the West German government must be replaced with one willing to negotiate on unity. This shift of emphasis, it is believed, reflects specific Kremlin instructions received during Ulbricht's recent visit in Moscow.

In the Far East, as well, there appears to be some effort to appear less adamant. Ho Chi Minh was quoted by a non-Communist Swedish paper on 29 November as offering to discuss a possible armistice for ending the seven-year war in Indochina. In reply to a series of questions from the newspaper he stated that the Viet Minh would "be prepared to discuss" a proposal from France. This was probably intended to affect the French position at Bermuda.

At Panmunjom, the Communists agreed that neutral participants at the political conference would not have a vote and suggested that New Delhi rather than Panmunjom be the site of the conference. The Soviet Union, however, is still proposed as a neutral, and the United States is still accused of stalling on the prisoner of war issues.

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FRENCH FOREIGN POLICY AND THE BERMUDA CONFERENCE

The Laniel coalition emerged shaken and disunited from last week's indecisive foreign policy debate and, even in advance of the presidential election scheduled for 17 December, it has merely a caretaker status. The potential pro-EDC majority in the French National Assembly has been reduced and the postelection search for a new government may become a showdown on the treaty.

There is insufficient parliamentary support for any alternative means of rearming Germany, but an ostensibly sincere Soviet offer to neutralize Germany could jeopardize France's commitment to present Western defense plans. In the meantime, the offer from Ho Chi Minh to negotiate on Indochina exposes Laniel to increased public pressure to abandon containment of Communism in Southeast Asia.

Pro-EDC sentiment had been increasing in France during the past few months. The results of the 6 September West German elections had put the issue squarely before the French, and the subsequent Soviet side-stepping of four-power talks had convinced them that German unification was indefinitely postponed. Moreover, additional American financial aid for Indochina put France in a better position to face German economic and military resurgence in Europe. The French cabinet, nevertheless, remained split on the European integration question and Premier Laniel scheduled the foreign policy debate for late November in a search for a basis of agreement.

The 275-244 vote obtained by the government after this debate did not accurately reflect pro-EDC sentiment. Domestic political considerations were allowed to determine the outcome of the debate when the government failed to object to the Popular Republicans' withdrawal of their resolution supporting European integration. This left as the only remaining pro-EDC motion before the assembly a Socialist resolution, and this was rejected because rightists were fearful of Socialist-Popular Republican collusion looking toward a left-center coalition.

Laniel, pressed by anti-EDC forces within his coalition, dared present nothing stronger than a mild motion carrying no explicit reference to the EDC treaty. The Socialists, despite their earlier decision to back a pro-EDC resolution,

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refused to support this motion partly because it did not specify their reservations, and especially because it involved a vote of confidence in a government they opposed on almost every other issue.

The imminence of the Bermuda conference and the receipt of the Soviet note on 26 November asking four-power talks induced the ex-Gaullists to abstain, thus saving Laniel a defeat from within his coalition. Another major consideration was the unwillingness of many deputies to precipitate a crisis on the eve of the presidential election. The fear that a left-center coalition under Mendes-France would follow him probably influenced Laniel to swallow his earlier refusal to accept a vote of confidence supported by less than an absolute majority of the 627 deputies.

The French delegation at Bermuda may well use the assembly vote as an excuse to make demands while avoiding commitments. Foreign Ministry officials agree that the USSR's new willingness to meet for talks reflects no basic lessening of Soviet hostility, but favor acceptance of the Soviet proposal. The professed Viet Minh offer to negotiate over Indochina has evidently increased France's determination to press for a five-power conference.

In the foreign policy debate government spokesmen indicated their intention to seek American and British commitments to keep troops in Europe for an indefinite period. French leaders have also repeatedly made clear their desire to be consulted on new-weapons development and use. The government may further request some statement favorable to French demands on the Saar, and even a repudiation of any American intention to reach a bilateral rearmament agreement with Germany.

The latest Soviet note has evidently encouraged many deputies in the belief that it is possible to bargain with the USSR on German rearmament, and Soviet peace gestures may play a preponderant role in French foreign policy in the next few months.

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STALEMATE CONTINUES ON US-SOUTH KOREAN AID TALKS

Negotiations on the American economic aid program for South Korea have reached an impasse over President Rhee's insistence on control of the program's major aspects, and an early agreement is precluded by his unwillingness to make concessions.

The main area of disagreement centers around Rhee's refusal to commit to the joint rehabilitation effort South Korean funds from normal foreign exchange earnings and the substantial receipts from the sale of local currency to the UN forces. In effect he has been demanding two separate programs: the first utilizing American and UN funds under joint administration; the second using South Korea's independent resources under sole control of the Rhee government.

With regard to the United States aid program, Rhee has not been willing to grant the safeguards required by American legislation and policies. At various times he has stated that the money should be turned over to Korea, that South Korea should have veto power over all procurement contracts, that the United States should agree to a permanent rate of exchange, and that internal fiscal policies should be free from American influence.

During the protracted negotiations, Rhee has employed his familiar tactics of constantly seeking additional concessions on points to which he has already supposedly agreed. Both Economic Coordinator Wood and Ambassador Briggs believe that if the United States retreats any further on the disputed issues, new ones will immediately arise. Wood also warns that if Rhee persists in believing the United States does not dare refuse economic aid on his terms, there could be serious repercussions in the military and political negotiations as well.

Much of Rhee's intransigence stems from his misunderstanding of economic principles. In addition, his attitude is a reflection of his long-standing opposition to foreign intervention in Korean affairs, to which he attributes most of Korea's difficulties. His concern over Japan's economic resurgence is also a major consideration, as noted in his attempts to limit procurement from Japan, his expressed desire for a permanent exchange rate "like Japan has," and his insistence on diverting as much aid as possible to industrial development to reduce Korea's dependence on Japanese imports.

Rhee's attitude is thus blocking the aid program for South Korea, while the Communists have mobilized financial and manpower resources in an attempt to rebuild North Korea quickly as a practical demonstration of Communist achievement.

THE CURRENT STATUS OF SUEZ BASE NEGOTIATIONS

There are increasing indications that negotiations between Britain and Egypt over the future of the Suez canal zone base may soon reach a decisive stage. Discussions are to be resumed when the British ambassador returns to Cairo in mid-December. Foreign Secretary Eden believes that the outcome will be known before the end of the year.

Meanwhile, neither Egypt nor Britain has shown any disposition to make further concessions, and popular criticism of government attitudes is growing in both countries. Without an agreement, the Suez situation is likely to deteriorate further.

During informal consultations between late July and 21 October conditional agreement was reached on the evacuation of British troops within 15 months after a pact is signed, the retention of 4,000 British technicians at the base, their gradual withdrawal over a period of seven years, and Britain's supervision of its technicians under an Egyptian base commander.

British military authorities initially wished to concede much less, and Egypt entered the informal talks unwilling to permit as much British control as it now concedes. Egypt's Vice President Nasr has stated that if there is no agreement, his country will not consider itself bound by the concessions it has already made. Furthermore, neither party has given any indication that it is prepared to compromise on the two remaining unsettled issues--future availability of the base and the right of British technicians to wear uniforms.

On the availability question, both sides agree that the base would become automatically available to Britain in the event of an attack on any member of the Arab League Collective Security Pact, and that Britain and Egypt would consult should Iran or Turkey be attacked. Britain, however, wants a further assurance that the base would be available if the United Nations found there had been aggression anywhere in the world. Egypt, on the other hand, has been unwilling to go beyond a general statement that it will honor its obligations under the terms of the United Nations charter. London regards this as an attempt to restrict the automatic availability of the base.

Egypt also flatly refuses to grant permission for British technicians to wear uniforms on the base. The statement by a Conservative member of parliament that the British government would be doomed if it yielded on the question of uniforms is indicative of the domestic pressures being brought to bear on both governments.

Lord Salisbury, then acting foreign secretary, told the Conservative Party conference in early October that Britain was prepared to face the possibility of maintaining its hold permanently on the Suez base, presumably by force. Conservative leaders can probably control any party dissension in parliament over a Suez agreement as they did on the Sudan agreement, but the Egyptian government appears to feel more restricted by domestic pressures.

Egyptian spokesmen have resumed their inflammatory, anti-British statements, and attacks against British soldiers and stores in the canal zone have increased recently. There also have been renewed deportations of British subjects from Egypt. Intemperate charges by both sides of interference in the Sudanese elections, the results of which represent a victory for the pro-Egyptian elements, have further dissipated good will.

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Should negotiations break down at this stage, it would be extremely difficult to resume them in view of the fact that both parties feel that their concessions to date were made only for the sake of reaching an agreement. If the situation is allowed to drift, it is likely to become worse. Although Egypt lacks the military strength to force British troops out of the base, it could make retention of the base difficult and the base itself less valuable by cutting off food and water and by guerrilla attacks against British installations.

Any attempt to obtain Egyptian cooperation with Western planning for Middle Eastern security outside the framework of an Anglo-Egyptian agreement might involve an appeal to the United States. Egypt has already expressed its dissatisfaction with the United States' "failure" to furnish economic and military assistance. Britain, on the other hand, could not countenance aid which appeared to encourage Egyptian obstinacy.

SIGNIFICANCE OF THE SUDANESE ELECTIONS

The decisive victory of the pro-Egyptian National Unionist Party, which controls 55 of the 97 seats in the future Sudanese house of representatives, reflects anti-British sentiment rather than wholehearted endorsement of union with Egypt. The outcome complicates the problem of the Sudan's future and that of Anglo-Egyptian relations.

The pro-independence Umma Party, which has generally cooperated with the British administration and was considered the strongest party in the Sudan, won only 22 seats. Despite Umma leaders' charges of fraud and threats of boycott, the elections will probably stand. The party's failure to measure up to pre-election expectations is largely attributed to its collaboration with the British at a time of rising anti-British sentiment.

The victory of the pro-Egyptian faction will encourage Cairo to expand its activities in the Sudan. Egyptian efforts to promote unity with the Sudan, however, may run into difficulties during the next three years prior to a plebiscite on the future of the Sudan.

Egypt has carried on its activities in the Sudan through the National Unionist Party, which it created in October 1952 and which it has supported financially. The party is a loose coalition which has depended for much of its support on rivalry between the two dominant Moslem religious sects. Whether Egypt can continue to direct the National Unionist members of the Sudanese parliament during the coming transitional period will depend on its ability to satisfy Sudanese nationalism.

The new Sudanese parliament faces complex problems inherent in premature self-government. Over 98 percent of the population is illiterate, and few Sudanese have had administrative or parliamentary experience. The basic division of the country between Arab-speaking Moslems in the north and primitive non-Moslem black tribes in the south, as well as deep-seated political and religious antagonism, will further complicate efforts to establish a stable government.

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INDIA'S POTENTIAL REACTION TO AMERICAN MILITARY AID TO PAKISTAN

India's reaction to any military aid agreement between Pakistan and the United States would likely be little more than verbal. Any actions Nehru might take against either country would only superficially affect American security interests.

Within India itself, signature of such a pact would be followed immediately by bitter comment, similar to that now being published. Pressure for drastic action against Pakistan would be brought to bear on Prime Minister Nehru by Hindu nationalist groups which have long agitated for a stronger attitude. The Indian Communists, with the continued support of the Moscow and Peiping radios, would campaign against American "imperialism" in South Asia.

These maneuvers might lead to some incidents affecting India's 40,000,000 Moslem population, though for the most part the Indian public has displayed little interest in Indo-Pakistani disputes. As in the past any violence would be suppressed by the government before it got out of hand. The only concrete move the Indian government might take internally would be to reinforce its military establishment to the best of its ability in order to counter any reinforcement of the Pakistani forces resulting from a pact and thus to maintain the present 2-to-1 ratio between the two armies.

None of India's several choices of retaliatory action against Pakistan would essentially change the existing situation between the two nations. India might limit air traffic between East and West Pakistan. It might curtail certain items of trade, though its imports from Pakistan have ordinarily been larger than its exports.

In Kashmir, India's freedom of action is limited by United Nations interest in the problem. Complete diversion of canal waters from West Pakistan would be so obviously a retaliatory move that India would seriously risk censure by the International Bank group now studying the dispute. By being adamant on financial issues such as refugee property, New Delhi would forfeit sums owed to it by Pakistan which are considerably larger than those it owes to Pakistan. In nearly all instances, hostile Indian behavior would merely prolong and intensify a situation already six years old.

Nehru might well denounce the present air agreement with the United States and limit American air traffic. Government pressure for the Indianization and nationalization of American-owned

businesses might increase, forcing some firms to withdraw. Missionary operations, already under attack, could be increasingly curtailed. None of these actions, however, would significantly affect American security interests.

India would be unlikely to cut its trade with the United States in manganese, mica, tea, and jute, primarily because it can ill afford to lose these important sources of dollar income but also because this action might benefit Pakistan's jute and tea industries.

In and out of the United Nations, India could take a stand favoring the Communists on Korea, Indochina, and Chinese Nationalist troops in Burma. It could intensify its agitation against American "meddling" in Tunisia, Morocco, Israel, Egypt, and Iran. Consistent adoption of a pro-Communist attitude, however, would soon destroy any impression of Indian neutrality, the keystone of Nehru's foreign policy. It would also dim India's hopes of becoming a great world power by lessening its influence with both Asian and Western nations which sometimes follow its lead or use it as a convenient mediator between Eastern and Western power blocs.

Furthermore, New Delhi is fully aware of the hazards posed by Chinese occupation of Tibet and of the food and security problems which would be created if Southeast Asia fell into Communist hands. Thus, Prime Minister Nehru seems unlikely to initiate any rapprochement with the Communist bloc.

Possibly the most irresponsible action India could take would be to make itself ineligible for American financial and technical aid by shipping strategic materials to the Orbit. However, Nehru would hesitate to lose the advice of valuable technical experts and the monetary assistance which now totals \$90,000,000 annually. Neither would he willingly see the certain failure of the much-touted Five Year Plan, which would be accompanied by increased disappointment with the ruling Congress Party, more extensive unemployment, and unrest exploitable by local Communists. In addition, he would recognize the Orbit's inability or unwillingness to provide equal aid, as well as the possibility that Colombo Plan countries might decrease, rather than increase, their aid following American withdrawal.

In any case, Nehru and his government would have no reason to believe that their actions, most of which would be detrimental to India, would force the United States or Pakistan to end the military aid program. Without some such conviction, Nehru will probably not jeopardize his dream of making India a great industrial nation and the recognized spokesman for Asia.

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USSR QUIETLY RETURNING WORLD WAR II PRISONERS

Over the past few months the Soviet Union has quietly returned some 7,000 prisoners of various nationalities held as military and civilian "criminals" of World War II. The manner of release suggests that Moscow desires to remove an unnecessary cause of bitterness, particularly in Germany, Austria and Japan, thereby hoping to improve relations.

Between 1945 and 1950 the USSR repatriated approximately 2,529,000 of the estimated 7,000,000 captured during World War II. Of those captured, about 50 percent were Germans; 20 percent Japanese and the rest Italians, Austrians, Finns, Rumanians and Hungarians, with small numbers of French, Dutch and Spanish.

A UN commission estimated that nearly half of the original 7,000,000 prisoners had died in the USSR or were missing, leaving approximately 1,500,000 yet to be returned. In April and May of 1950 TASS announced that all Japanese and German POW's had been repatriated except for about 2,000 Japanese and 13,000 Germans sentenced for war crimes and a few score patients under medical treatment.

Shortly after the announcement of the amnesty decree in April, however, Molotov stated that it would apply to Austrian prisoners. The first implementation of the new policy toward POW's was a joint Soviet-East German declaration in August announcing that all German prisoners would be returned except those guilty of the most serious crimes. During September and October the USSR returned 5,374 Germans, most of whom went back to West Germany, 634 Austrians, and small numbers of French, Dutch and Norwegians. Press reports indicate that more German prisoners are being released.

The new regime also has been receptive to Japanese pleas for prisoner repatriation. In October the Soviet Red Cross invited the Japanese Red Cross to Moscow to negotiate. An agreement was signed on 19 November for the release of 1,274 military and civilian prisoners who have served their sentences or been pardoned under the amnesty decree.

A joint Soviet-Japanese communique stated that 1,047 Japanese "war criminals" will remain in the USSR to complete their sentences and that permission has been granted Japanese delegates to inspect camps where they are being held. While such an inspection is unique, reports of the first tour indicate that "ideal sites" have been selected where prisoners probably were indoctrinated to give an impression of good treatment.

It is expected that in the coming months the USSR will continue unobtrusively to return additional prisoners.

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SPECIAL ARTICLE

APPREHENSIONS OVER COAL-STEEL COMMUNITY POLICIES AMONG
NONPARTICIPANTS

As the six-country Coal-Steel Community (CSC) grows in authority during its second year of operations, several nonparticipating nations are showing increasing concern over its discriminatory trade practices. These apprehensions do not endanger the progress of the CSC, but do have various adverse implications for the broader efforts toward integrating Western Europe.

Most of the difficulties arise because the CSC -- now including France, West Germany, Italy, and the Benelux countries -- was obliged to begin operations in only a part of Western Europe, thus creating a semi-national boundary between the new "Little Europe" and other countries. Behind the new trade barrier the traditionally cartelized coal and steel industries have preserved their restrictionist tendencies, and these are now being intensified with the development of a buyers' market. Thus, in order for the CSC to fulfill its function of forming the nucleus of a united Western Europe it must overcome its present tendency to interfere with trade and divide Europe further.

When the CSC assumed its functions in the summer of 1952, a transitional provision of the Schuman Plan treaty called on the High Authority at Luxembourg to proceed at once to negotiate on behalf of the member governments with "third countries" for establishment of over-all commercial and economic relations. Among these were Britain, the Scandinavian nations, Switzerland, Austria, and also the United States. Such talks, together with the appointment of observers to Luxembourg from outside countries, were to have helped prevent misunderstandings and any development of discriminatory practices. To date, largely as a result of the CSC's concentration on organizational and internal market problems, the prescribed negotiations have not commenced.

Outside countries made the first concerted approach to the CSC in November 1952 after it requested a waiver from the General Agreement on Tariffs and Trade (GATT) permitting its members in their mutual trade to discriminate in effect against other GATT participants. The "third countries" obtained a promise from the CSC's High Authority that it would avoid raising "unreasonable barriers" on exports to outsiders

and make the eventual single tariff schedule for the community lower and less restrictive than the existing tariffs of the member nations. A later effort by a group of outside countries to obtain additional concessions from the CSC failed when Sweden refused to go along.

The first substantial justification for the apprehensions of outside countries appeared in a steel export price agreement among producers in all the member countries, except Italy, which was initiated in March 1953 and reinforced in September. This agreement set minimum prices on steel exported outside the community, authorized fines of up to \$50 per ton for underselling, and set up an administering Commercial Commission in Brussels.

Several outside countries have expressed great concern over this cartel; the Danes even asserted that it weakened their desire to join the community. High Authority president Jean Monnet has warned the producers that, unless they abandon their agreement, the High Authority will take action, presumably following the meeting of the Council of Ministers scheduled for 7 December. There are indications that the producers will contest the competence of the High Authority, thus causing the issue to be brought before the CSC's Court of Justice.

Meanwhile, the first clear evidence of another type of threat to outside countries appeared in a demonstration of favoritism by two members toward Switzerland. In return for loans, the French and Germans last summer assured the Swiss generous coal and steel supplies, at prices competitive with those prevailing within the community, for a limited number of years. Other "third countries" found particular cause for alarm in a simultaneous ruling of the High Authority assuring execution of these agreements in times of shortages.

By early October the Austrians, too, showed a rapidly growing impatience to obtain special arrangements with CSC countries for adequate supplies of coal, iron ore, and scrap. About half of these are normally imported, and the Austrians described their need as acute. They also expressed fears of losing their competitive position in the German and Italian markets, on which their expanded steel industry has traditionally depended. Should the Austrians succeed in obtaining free access for their steel to any CSC country, a hornets' nest of competitors' demands would be opened. In recent months, both the Austrians and the British have been particularly apprehensive of higher CSC tariffs on most special steel products from outside the community when these products are added to the common internal market on 1 May 1954.

The infrequent indications to date of a British desire for special arrangements with the High Authority have been prompted by such apprehensions of competition in steel. Britain's delegates at the joint meeting in June of the CSC Common Assembly with the Council of Europe's Consultative Assembly voiced a preference for specific understandings on such matters as prices, investments, and even scrap and iron supplies. The British delegates went so far as to admit that they would not reject the idea of cartel arrangements with the CSC.

Monnet appears determined to talk with the British soon. He has given many indications, however, of wanting only the sort of general agreement on principles which the High Authority could later seek to have accepted by other "third countries" in the spirit of the Schuman Plan treaty. Whether or not he overcomes the British preference for a more exclusive and specific agreement, these negotiations with the CSC's most powerful competitor in Europe can be expected to bring the issue of "third country" apprehensions to a head.

The solution suggested by some Danish and Austrian leaders is for their nations to join the CSC. There is no evidence that such steps will be taken soon; Austria is afraid of the Soviet reaction.

"Third country" pressures cannot endanger the success of the CSC as long as neither Britain nor the United States is disposed to go along on a concerted program. Thus far the High Authority has shown a strong desire to cooperate on American recommendations for avoiding discriminatory practices. Nevertheless, the extent of its control over the member governments' commercial relations with "third countries" remains to be clarified. Belgium, for example, is currently attempting to reduce its excessive coal stocks by restricting imports of American coking coal, despite the High Authority's opposition to such action as discriminatory.

One consequence of the outside countries' dissatisfactions may be an intensification of their efforts to expand trade with the Orbit.

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The growing "third country" apprehensions have ominous overtones for the question of Western Europe's capacity for rapid progress toward further integration. They may increase the number of those important political elements both within and outside the community who fear that the current steps toward

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military and political integration of only the six CSC countries will accentuate an unnatural division within Western Europe. Indeed, a serious question now exists whether there is sufficient support within the community for its own long-term mission of promoting liberalization of the Western European economy.

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